



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture



FEBRUARY 15, 2000

**Japan Requires U.S. Grain Segregation, Arranges Deal With Brazil.** According to a Japanese official, the U.S. will need to segregate genetically modified (GM) grain from conventional varieties in order to maintain its competitive presence in the Japanese market. Speaking at a recent U.S. Grains Council meeting, Tatsuo Hagiwara, manager of Zen-Noh of Tokyo, stated, "If America appears not to be able to supply non-GMO corn, Japan might go to China or Argentina," two U.S. competitors reportedly promoting the availability of non-GMO crops. U.S. corn sales to Japan accounted for approximately 90 percent of Japan's total 1998 corn imports of 15.7 million metric tons. In addition, based on USDA estimates, Japan is expected to purchase \$9 billion in farm products during this fiscal year, ending September 30. Prompted by concerns of the Japanese consumer, many companies such as the Kirin Brewery Company, Japan's largest brewery, and Sapporo Breweries, Ltd. have already decided to stop using GM corn. Consumer concerns also led to labeling requirements by the Japanese government for GM crops and food products. However, knowing that Japan is devoting \$7 billion to its own biotechnology research this year, U.S. Grains Council representatives appear confident that the problems surrounding GM grains will eventually diminish. "The issue should wind down in a few years," stated Dennis Kitch, the Grains Council's regional director for Japan. Kitch also feels that Japan will be much more accepting of the technology once its domestic industry has the chance to approach the U.S. level of biotechnology. In the meantime, the Council stressed the importance of educating U.S. leaders and the public about biotechnology and its importance to, not only farmers, but consumers as well, due to the added nutritional benefits of GM products. In a separate matter, the Japanese government and private industry are planning to invest \$800 million in joint grain production projects with Brazilian farmers, which would bring large Japanese grain trading companies improved access to a regular supply of soy complex at competitive prices. The goal of the joint program, known as PRODECER, is to increase current soybean production from 700,000 metric tons to 1 million metric tons. Part of the funding will be devoted to the development of a Brazilian crushing facility, as well as improvements to Brazil's infrastructure. Some 44 percent of the Brazilian soybean crushing market is currently shared by the grain companies of Archer Daniels Midland, Cargill, Bunge, and Louis Dreyfus. (*Reuters 2/14, Bridge News 2/14*)

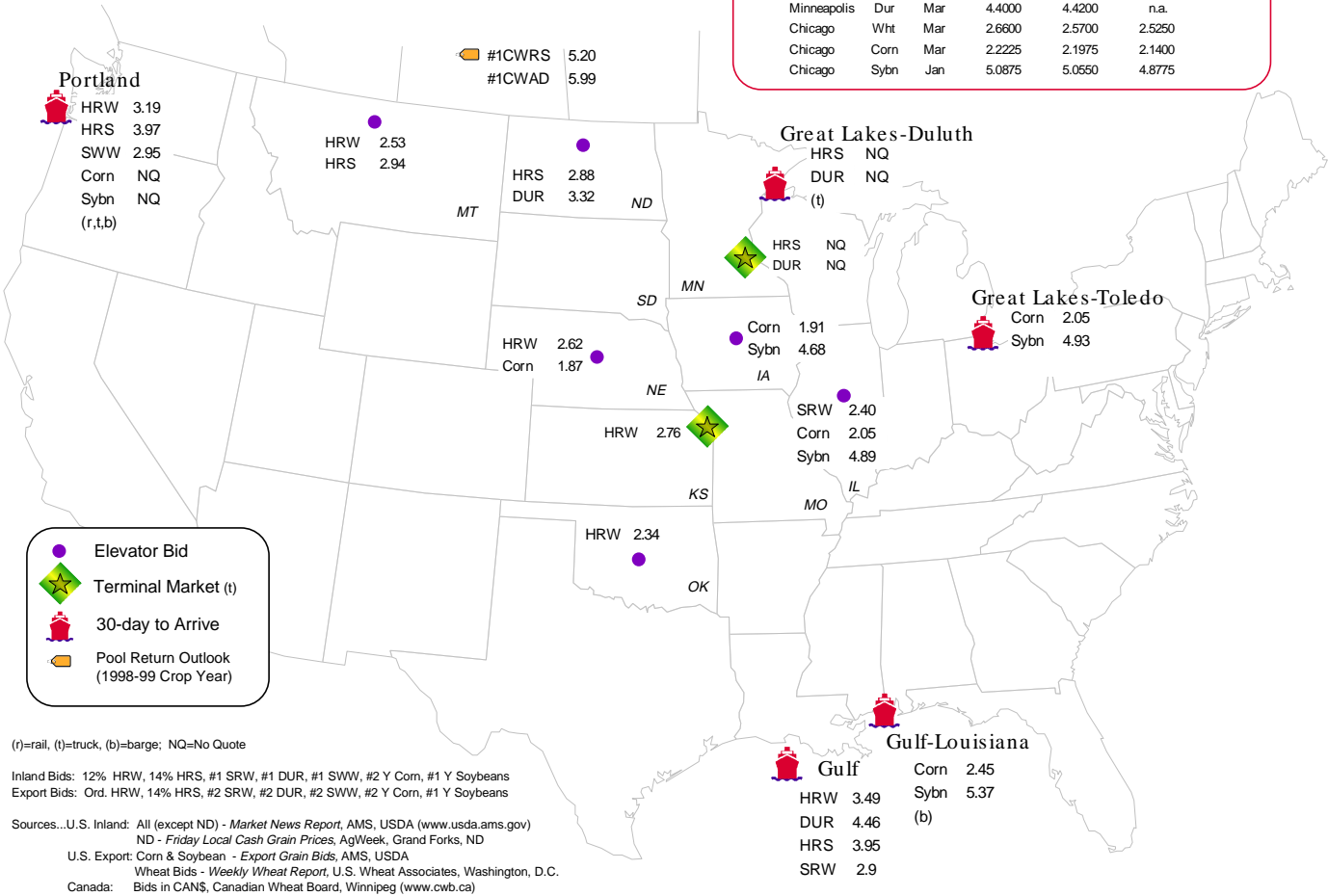
**BNSF, CN Assure Customers Of Service.** In a letter to customers, the Burlington Northern Santa Fe (BNSF) and the Canadian National (CN) Railways guaranteed customers at least equal, if not better, service following a merger, plans for which were announced December 20, 1999. Recent rail mergers have given customers reason for concern as evidenced by their complaints, generally indicating problems of congestion, poor service, and increased rates. Officials with BNSF and CN, however, are assuring their customers that this will not be the case with their pending merger. "These guarantees are unprecedented in the North American railroad industry," according to the joint statement of Robert D. Krebs, BNSF Chairman and Chief Executive Officer, and Paul M. Tellier, President and Chief Executive Officer of CN. The proposed combination would create a rail system route of 50,000 miles and link eight Canadian provinces and 33 states in the Western and Central United States. The two railroads tout improved service in the form of "expanded single-line service options and gateway choices; a coordinated marketing plan; reduced transit times; enhanced reliability; unified customer service information, including easier tracking, tracing and ordering; simplified billing; greater capacity; and improved asset utilization." BNSF and CN intend to file a joint application for merger approval with the Surface Transportation Board soon after March 20. (*Journal of Commerce 2/16, www.bnsf.com*)

**U.S. Agriculture Pins Hopes On China Trade.** U.S. agricultural interests are hopeful that the recent U.S.-China trade agreement will result in significantly increased imports. A recent report by the nonpartisan Congressional Research Service (CRS) stated the possibility that the agreement could result in \$11.5 billion in total U.S. exports by 2005, as well as the opportunity for substantial U.S. investment in China. The U.S. Grains Council (USGC) also feels that U.S. exports to China for corn, barley, and grain sorghum will significantly increase during the next decade, with the expectations that China will soon be included in the World Trade Organization (WTO) and develop a more market-oriented farm economy. The USGC believes that the Chinese population will grow by 100 million people during the next 10 years, reaching 1.375 billion by 2008. This growth will result in increased urbanization and a likely change in food demand, as was stated at a recent USGC conference. Christopher Delgado, and International Food Policy research fellow, told the conference that meat demand will more than double in 2020, compared to the amount in 1993. A recent statement by U.S. Agriculture Secretary Dan Glickman also indicated much hope for U.S. agricultural exports, stating a potential increase of at least \$2 billion in U.S. farm exports annually during the next 5 years. Speaking to agricultural lobbyists recently, Secretary Glickman continued, "I happen to believe this is a conservative figure." The CRS study warned of the possibility, however, that China may not abide by its trade commitments and may devalue its currency if economic growth slows, hurting U.S. exporters. (*Reuters 2/15, AP 2/15, Bridge News 2/15*)

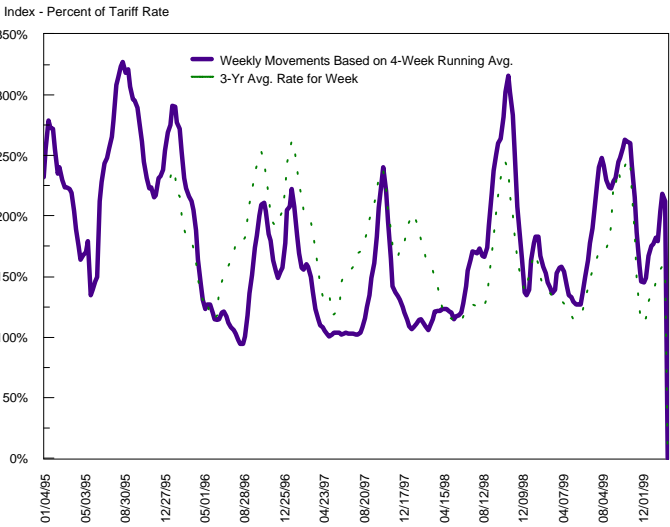
Report is prepared by Karl Hacker and Chambre' Malone, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at [www.ams.usda.gov/tmd/grain.htm](http://www.ams.usda.gov/tmd/grain.htm). E-mail comments to [GTR@usda.gov](mailto:GTR@usda.gov).

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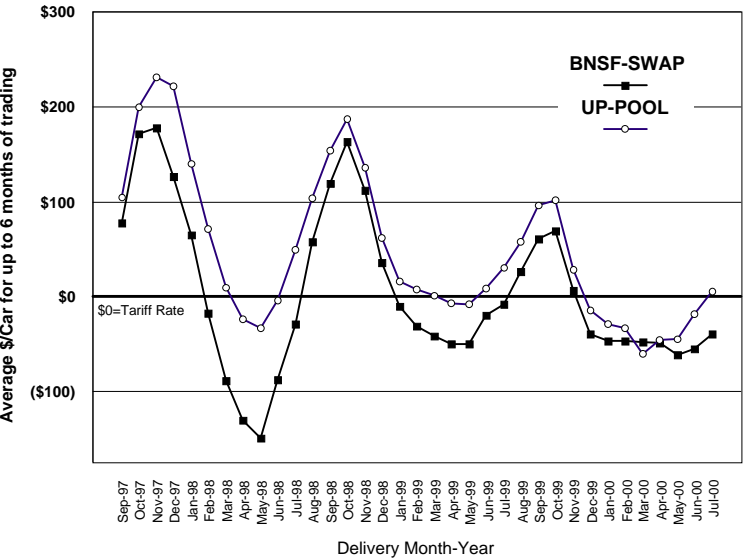
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



<b>Rail Car 'Auction' Offerings</b>				
Delivery for:	Feb-00		Apr-00	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	11,000	11%	11,939	1%
<b>UP-GCAS</b>	5,400	1%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	<b>Delivery Period</b>			
	Feb-00	Mar-00	Apr-00	May-00
BNSF-GF	\$5	\$(46)	\$(46)	\$(37)
UP-Pool	\$(50)	\$(12)	\$(33)	\$(32)

Source: T&amp;M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only &amp; are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Feb-00	Mar-00	Apr-00
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com),  
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

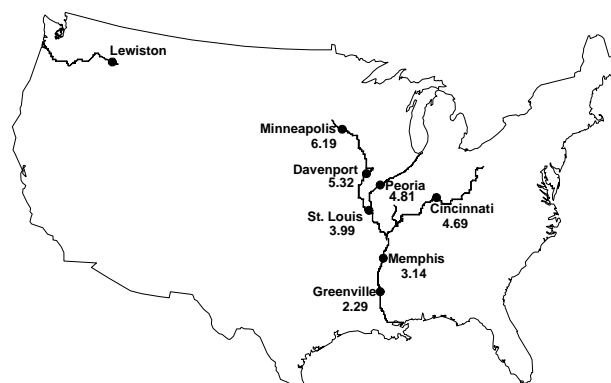
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended*	River/Region	Contract Period	Rate
Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.			

(\*) current data unavailable

**Southbound Barge Freight Spot Rates**

	2/9/00	2/2/00	Mar. '00	May '00
Twin Cities	nq	nq	0	197
Mid-Mississippi	nq	nq	175	165
Illinois River	161	221	162	150
St. Louis	134	140	134	130
Lower Ohio	131	138	130	131
Cairo-Memphis	125	134	126	126

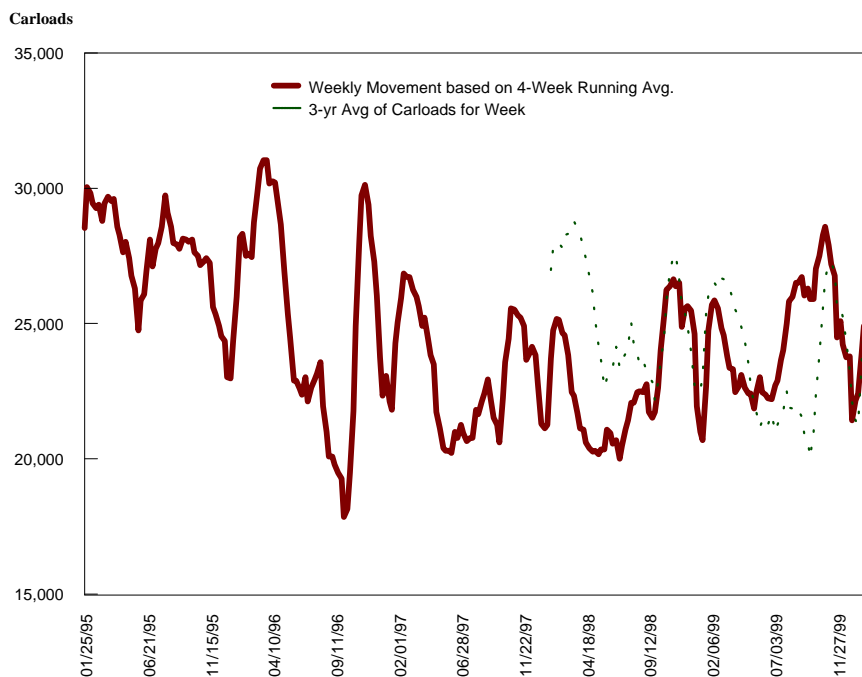
Source: Transportation & Marketing /AMS/USDA  
nq=no quote**Barge Benchmark Tariff Rates  
Est. 1976 - 'Tariff No. 7'**

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
1/22/00	25,023
1/29/00	22,712
2/05/00	25,290
Year to Date - 2000	124,978
Year to Date - 1999	125,294
Total 1999	1,269,741

\*\*1998 - 52 weeks

\* 1997 - 53 weeks



## Class I Rail Carrier Grain Car Bulletin

Carloads

Carloads									
			East		West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
02/05/00	0	2,575	2,188	2,875	8,846	391	8,415	2,907	4,703
This Week Last Year	632	2,896	1,463	3,203	9,342	866	7,890	1,690	2,447
2000 YTD	0	14,359	9,568	14,727	43,743	3,199	39,382	13,805	18,750
1999 YTD	3,318	13,032	7,187	13,244	43,742	3,975	40,796	8,853	14,983
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1998 Total	40,192	126,128	77,811	131,158	431,459	34,503	342,609	113,568	215,005

Source: Association of American Railroads

\*\*1998 - 52 weeks

\* 1997 - 53 weeks

## Tariff Rail Rates for Unit Train Shipments

February 2000

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
02/07/00	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
02/07/00	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
02/07/00	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
02/07/00	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
02/07/00	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
02/07/00	31040	Corn	Minneapolis, MN	Portland, OR	\$3,000	\$33.07	\$0.84
02/07/00	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
02/07/00	31040	Corn	Omaha, NE	Portland, OR	\$2,615	\$28.82	\$0.73
02/07/00	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
02/07/00	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

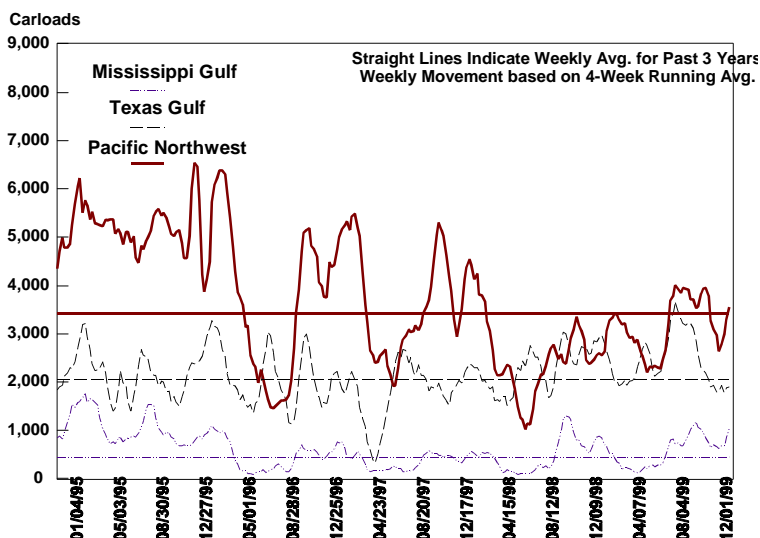
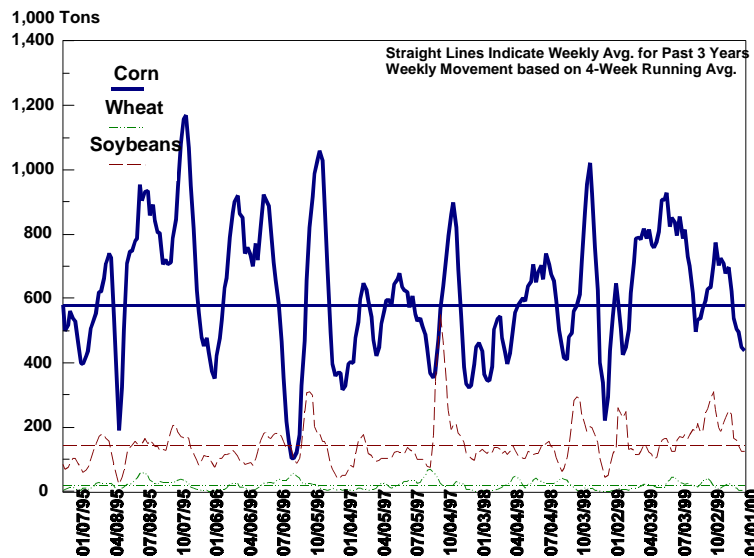
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

**Rail Deliveries to Port**

## Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
12/29/99	460	1,435	2,645	65
01/05/00	494	1,634	2,235	62
01/12/00	810	2,097	2,927	18
01/19/00	954	1,999	4,160	870
01/26/00	1,191	1,805	3,827	373
02/02/00	1,302	1,668	3,281	105
YTD 2000	4,751	9,203	16,430	1,428
YTD 1999	3,877	14,125	11,938	2,074
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation &amp; Marketing/AMS/USDA

**Rail Deliveries to Port****Barge Movements - Locks 27****Barge Grain Movements**

for week ending 2/5/00

	Corn	Wht	Sybn	Total
1,000 Tons				
<b>Mississippi River</b>				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	0	0	0	0
Alton, IL (L26)	413	0	61	491
Granite City, IL (L27)	455	8	90	569
<b>Illinois River (L8)</b>	307	0	42	357
<b>Ohio (L52)</b>	74	10	44	157
<b>Arkansas (L1)</b>	0	10	13	22
2000 YTD	2,617	127	851	3,832
1999 YTD	2,369	243	511	3,554
Total 1999	31,001	2,401	8,674	45,134
Total 1998	31,226	2,420	8,866	45,625

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.  
Source: U.S. Army Corp of Engineers

**U.S. Export Balances** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
02/03/00	971	502	899	440	243	3,054	7,832	3,940	14,826
This Week Year Ago	1,509	242	882	525	161	3,320	8,541	3,648	15,509
<u>Cumulative Exports-Crop Year</u>									
99/00 YTD	8,037	2,949	3,838	2,883	692	18,398	21,479	14,313	54,190
98/99 YTD	7,508	1,368	4,654	4,192	639	18,362	19,411	17,713	55,486
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date ([www.fas.usda.gov](http://www.fas.usda.gov)) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Gain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
02/10/00	185	133	76	168	668	631	62	0	88
2000 YTD	1,101	911	213	665	3,664	2,795	517	3	175
1999 YTD *	1,082	422	17	422	3,100	1,857	886	31	288
% of Last Year	10%	21%	33%	13%	12%	19%	7%	1%	13%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service \* YTD-Year-to-Date (\*98 = 53 week period)

**Select Canadian Ports - Export Inspections\***

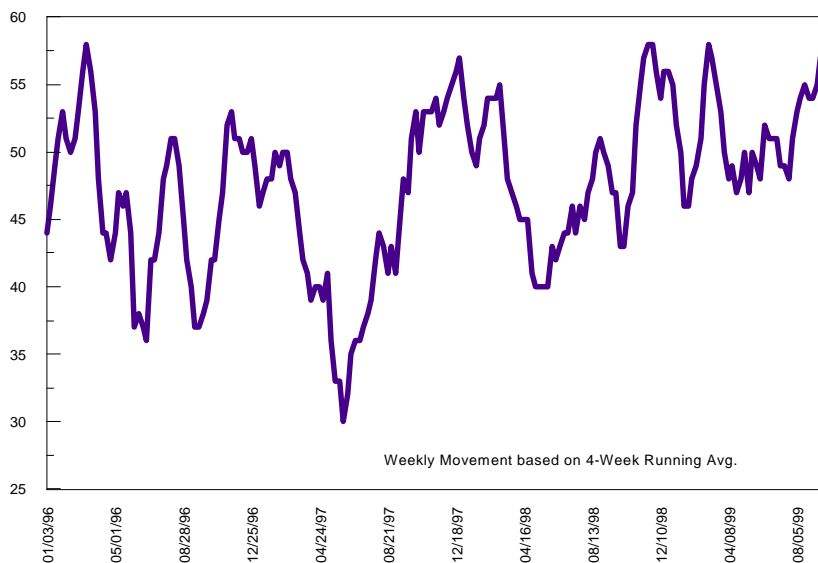
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 2/10/00			
Vancouver	2,672	520	309
Prince Rupert	1,782	4	68
Prairie Direct	461	173	197
Thunder Bay	468	193	165
St. Lawrence	1,728	941	0
1999 YTD Exports	7,111	1,831	739
1998 YTD Exports	5,401	1,639	449
% of Last Year	132%	112%	165%

Source: Canadian Grains Commission; \*current data unavailable

YTD-Year-to-Date Crop Year 8/1-7/31

Vessels



**Gulf Region  
Vessels Loaded  
- Past 7 Days-**

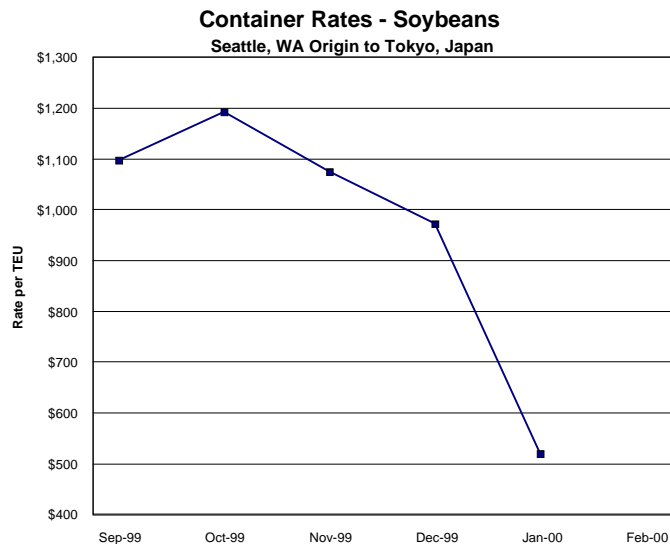
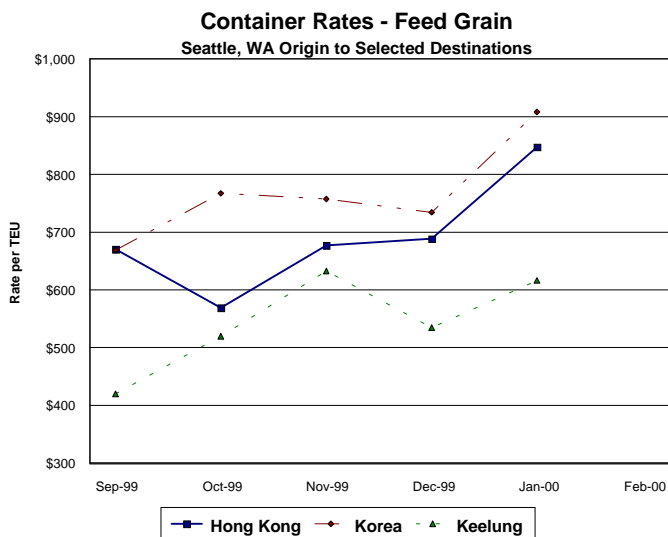
### Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
02/03/00	40	48	70	9			6	12	4
02/10/00	48	55	60	10			6	8	1
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation &amp; Marketing /AMS/ USDA

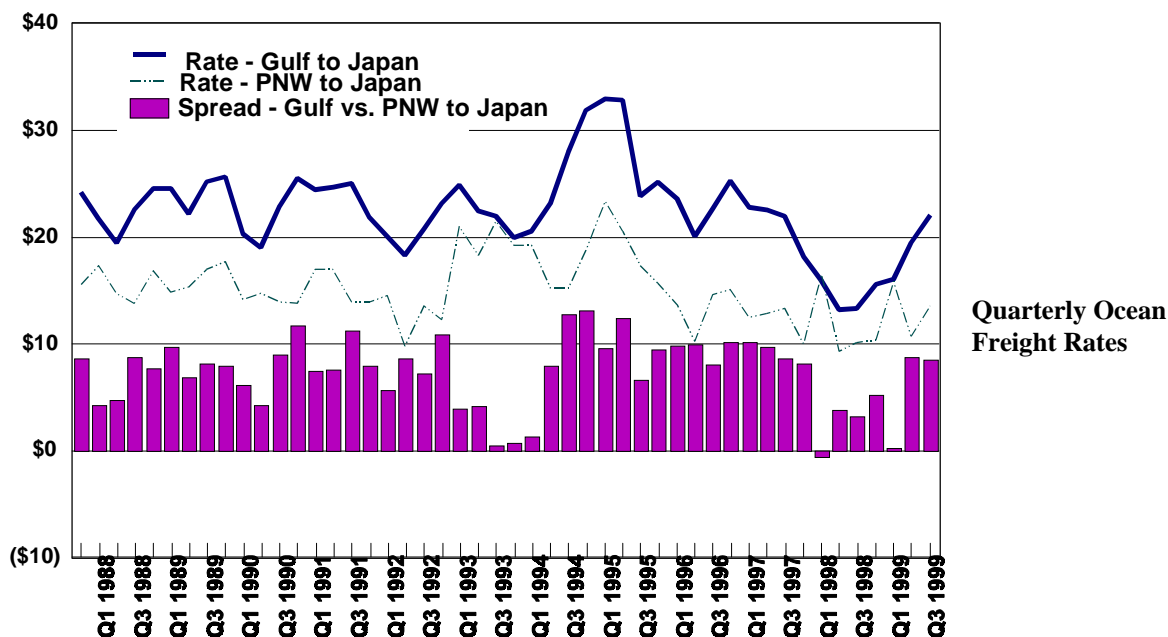
### Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation &amp; Marketing/AMS/USDA

US\$/Metric Ton

**Quarterly Ocean Freight Rates**

Average Rates &amp; Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 4 <sup>th</sup> Qtr	1998 4 <sup>th</sup> Qtr	% Change		1999 4 <sup>th</sup> Qtr	1998 4 <sup>th</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$22.07	\$13.33	66%	Japan	\$13.55	\$10.17	33%
Mexico	\$15.21	\$14.41	6%	Red Sea/ Arabian Sea			
Venezuela	\$12.10	\$10.87	11%				
N. Europe	\$13.68	\$8.81	55%	<b>Argentina to</b>			
N. Africa	\$21.65	\$15.26	42%	N. Europe	\$17.77	\$12.56	42%
				Japan			

Source: Transportation &amp; Marketing/AMS/USDA; (\*) rates shown are for metric ton (2,250 lbs.=one metric ton)

**Ocean Freight Rates \*(Select Locations) - week ending 2/12/00**

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	UK (WC)	Heavy Grain	Spot	33,000	\$12.50
Gulf	Israel	Heavy Grain	Prompt	55,000	\$12.00
Gulf	Egypt	Grains	February	58,000	\$12.41
Gulf	Algeria	Wheat	February	25,000	\$20.00
Gulf	Japan	Heavy Grain	March	54,000	\$20.25
PNW	Taiwan	Heavy Grain	Feb./Mar.	58,000	\$13.50
River Plate	Sudan	Wheat	February	25,000	\$31.50
Rouen (France)	W. Italy	Wheat	February	27,000	\$10.45
Bordeaux (France)	N. Korea	Corn	February	20,000	\$32.50
Weser R. (Germany)	Iran	Barley	February	50,000	\$19.00

Source: Maritime Research Inc. (\*) rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated.